

**SETTING, REPORTING AND PAYMENT OF EMPLOYER CONTRIBUTIONS
(Act 300 of 1993; Act 1194 of 1995; Act 142 of 1997; Act 865 of 1999; Act 340 of 2003; Act 992 of 2003)**

The effective date for these rules changes will be July 1, 2003 except for the provisions related to changing the basis for calculating employer contributions from the local school districts from previous year's to current year's salaries which will be July 1, 2004. Local school districts will continue to operate under existing rules for fiscal year 2003-2004.

DEFINITIONS

1. "Covered salary," means, effective July 1, 2003, regular and federal salaries for the current fiscal year plus supplemental salary payments received for the previous fiscal year, plus adjustments agreed upon by both the employer and the Teacher Retirement System.
2. "Participating employers" means: local school districts, educational cooperatives, vocational centers, the Department of Correction, open enrollment charter schools, state agencies covered by ATRS, all public post-secondary institutions, or any non-profit corporation approved by the Board of Trustees in accordance with rules and regulations established by the Board.
3. Adjustments include, but are not limited to, error corrections, payments for members who were omitted from the correct reporting period, and any adjustments agreed to by both the employer and the Teacher Retirement System.

POLICIES

1. Effective July 1, 2003, the employer contribution rate shall be the rate established by the Board of Trustees of the Arkansas Teacher Retirement System prospectively for each year pursuant to Act 340 of 2003 (A.C.A. §24-2-701(c)).
2. The rate shall be set by the Board following consultation with its actuary. In determining such rate, the Board shall consider the financial objectives set forth in A.C.A. §24-2-701(a) and §24-7-401 and shall base the rates on the actuary's determination of the rate required to fund the plan in accordance with these financial objectives.
3. (a) Beginning July 1, 2003 through June 30, 2004, if the system's unfunded actuarial accrued liabilities exceed a thirty (30) year amortization period, the Board based on the actuary's determination may increase the contribution rate, but the increase shall be no more than one percent (1%) above the rate in effect on June 30, 2003.

- (b) Beginning July 1, 2004, the Board, based on the actuary's determination, may increase or decrease the contribution rate, but the rate shall not be increased by more than one percent (1%) above the rate in effect on June 30, 2004.
- (c) If the system's unfunded actuarial accrued liabilities no longer exceed a thirty (30) year amortization period, the Board shall reduce the contribution rate for the succeeding fiscal year based on the actuary's determination.

GUIDELINES FOR REMITTING EMPLOYER CONTRIBUTION

1. Remittance forms will be furnished by the Teacher Retirement office.
2. Any remaining book balance on each June 30, no greater nor less than \$25 will be absorbed as an uncollectible account receivable or other income.
3. A six percent (6%) penalty of the amount due will be assessed for each late payment of employer and employee contributions.
4. (a) *For Local School Districts, Open Enrollment Charter Schools, State Agencies, Colleges, Technical Institutes and Non-Profit Corporations approved by the Board of Trustees**
 1. Section 13 of Act 1194 of 1995 (A.C.A. §24-7-103) requires local school districts to pay the Teacher Retirement employer contribution rate for any eligible employees in accordance with rules and regulations established by the Board of Trustees of the Arkansas Teacher Retirement System
 2. The above employers' obligation in a fiscal year shall be the current year's regular and federal salaries times the employer contribution rate set by the Board.
 3. The monthly remittance of employer contributions shall be due in the ATRS office by the tenth (10th) calendar day following the end of each month. Under Act 300 of 1993 (A.C.A. §24-7-411), a \$150 late report penalty and a 6% interest penalty on late contributions will be assessed on reports and contributions not received by the 15th day of the month or postmarked by the 14th day of the month due. If the 14th falls on Saturday, Sunday or a Holiday, postmarked date is extended to the next working date.
 4. On the 14th of each month in which a payment is due, the Teacher Retirement System will certify to the Department of Education the names of employers who have failed to remit their monthly payment. The amount of the payment plus the six percent (6%) penalty will be withheld from the employer's State Equalization Funding payment for that month.
 5. Supplemental salary payments received from local school districts after July 1, 1996 for fiscal years 1995-96 and later, will be accompanied by the employer contributions due.

6. Effective July 1, 2003, the Arkansas Teacher Retirement System shall return to the employers the employer matching remitted for members that rendered less than 30 days of service during the current fiscal year. The return of employer matching shall be done within three months (December 31) of the update (August 31) of end of the fiscal year 4th quarter reports.

*4.(b) For Cooperative Education Services, Area Vocational Centers, Arkansas Easter Seals and the school operated by the Department of Correction (paid by the Department of Education from the Public School Fund): **

1. The Teacher Retirement System shall certify to the Department of Education no later than October 1 the amount of employer contributions due. The amount will be based on the previous year's covered salaries.
2. The amount will be paid in nine (9) equal payments. The first payment for the month of September will be due by October 10th. For subsequent months, the payment will be due in the ATRS office by the tenth (10th) calendar day following the end of each month. Under Act 300 of 1993 (A.C.A. §24-7-411), a \$150 late report penalty and a 6% interest penalty on late contributions will be assessed on reports and contributions not received by the 15th day of the month or postmarked by the 14th day of the month due. If the 14th falls on Saturday, Sunday or a Holiday, postmarked date is extended to the next working date.

*Beginning with the 1996-97 school year, the Department of Education's biennial appropriation for grants and aids to local school districts has contained special language on this subject. The specific language contained in Act 51, First Extraordinary Session, 2003 states in Section 7: "Beginning with the 1996-97 school year, Local School Districts shall pay the teacher retirement employer contribution rate for any eligible employee in accordance with rules and regulations established by the Teacher Retirement Board of Directors. The appropriation continued herein for Teacher Retirement Matching each fiscal year shall be used to provide the employer matching for employees of the Cooperative Education Services, Area Vocational Centers, Arkansas Easter Seals and the school operated by the Department of Correction."

5. Employer Matching for Teacher Deferred Retirement Option Plan (T-DROP) Participants:
 1. The participating employers' T-DROP employer matching obligation, pursuant to Act 992 of 2003 (A.C.A. 24-7-1303), in a fiscal year shall be the current year's regular and federal salaries beginning September 1, 2003 times the employer rate as listed below.

(a) For member's whose effective date in T-DROP is before September 1, 2003, the employer contribution rate to the Arkansas Teacher Retirement System on behalf of all members in the T-DROP shall be at the rate of:

- One percent (1%) for the period from September 1, 2003 through June 30, 2005
- Three percent (3%) for the period from July 1, 2005 through June 30, 2007
- Six percent (6%) for the period from July 1, 2007 through June 30, 2009
- Nine percent (9%) for the period from July 1, 2009 through June 30, 2011
- Twelve Percent (12%) after July 1, 2011

(b) For members whose effective date in T-DROP is on or after September 1, 2003, the employer contribution rate on behalf of members in the T-DROP shall continue at the rate established by the Board of Trustees of the Arkansas Teacher Retirement System.

2. The monthly remittance of T-DROP employer contributions shall be due in the ATRS office by the tenth (10th) calendar day following the end of each month. Under Act 300 of 1993 (A.C.A. 24-7-411), a \$150 late report penalty and a 6% interest penalty on late contributions will be assessed on reports and contributions not received by the 15th day of the month or postmarked by the 14th day of the month due. If the 14th falls on Saturday, Sunday or a Holiday, postmarked date is extended to the next working date.
3. The Arkansas Teacher Retirement System shall return to participating employers any amounts over paid in employer matching for T-DROP participants due to but not limited to erroneous submission of payments, member's termination of employment or incorrect reporting of Salary Option 2 (first \$7,800.00) member salaries. The return of employer matching shall be done within three months (December 31) of the update (August 31) of end of the fiscal year 4th quarter reports.
4. Supplemental T-DROP salary payments for salaries earned on or after September 1, 2003 will be accompanied by the employer contributions due.
5. Until and on August 31, 2003 employer contributions on behalf of the members participating in the T-DROP may be retained by the school district.
6. Except for employer contributions to the Arkansas Teacher Retirement System beginning September 1, 2003, the school district shall not make contributions to any tax-qualified retirement plan on behalf of any employee participating in the T-DROP.

